

March 20, 2024

To: Mayor and Members of City Council

From: Sheryl M.M. Long, City Manager

202400896

Subject: Emergency Ordinance – Approving and Authorizing a CRA Tax Exemption Agreement with Cincinnati Curated, LLC of 34 W Court St.

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement (LEED or Living Building Challenge) with Cincinnati Curated, LLC, thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 34 W Court Street in the Central Business District of Cincinnati, in connection with the remodeling of an existing building into approximately 629 square feet of commercial space and approximately 5,566 square feet of residential space, consisting of 5 residential units, which remodeling shall be completed in compliance with Leadership in Energy and Environmental Design Silver, Gold or Platinum standards or Living Building Challenge Standards, at a total remodeling cost of approximately \$845,456.

STATEMENT

HOUSING: The activation of a vacant, blighted building will address a need for housing options in the Downtown area. The additional units this project will provide could help to alleviate Cincinnati’s strained housing market, which is currently experiencing increasing affordability issues due to lack of supply. Although these housing units are anticipated to be short term rental units, research shows that over the long run, short term rentals often become long-term rental housing.

BACKGROUND/CURRENT CONDITIONS

The project is located at 34 W Court St in Downtown. Currently the property is a vacant building constructed in the 1850’s with an addition built in 1854. The building has never been properly modernized nor renovated to include proper insulation, ventilation, HVAC, wiring, and plumbing. Once completed, the rebuilt project will have obtained a LEED Silver certification through USGBC and be comprised of 5 residential units (1 being owner occupied). The project will also feature a 1st floor commercial space that will be utilized in a manner that benefits children attending the School for Creative and Performing Arts while waiting for after school programs.

DEVELOPER INFORMATION

Cincinnati Curated, LLC is owned and operated by Melissa Brown Jones. Ms. Jones is a first-time developer in Cincinnati. Ms. Jones is not only the developer for this project but will also be a resident at 34 W Court Street.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: Project Outline and Proposed Incentive

Copy: Markiea L. Carter, Director, Department of Community & Economic Development

Project Outline

Project Name	34 W Court St CRA
Street Address	34 W Court St
Neighborhood	Downtown
Property Condition	Vacant Building
Project Type	Renovation
Project Cost	Hard Construction Costs: \$834,456 Acquisition Costs: \$340,000 Soft Costs: \$176,980 Total Project Cost: \$1,351,436
Private Investment	Private Financing: \$825,000 Developer Equity: \$300,000
Sq. Footage by Use	Residential: 5,566 SF Office: 629 SF
Number of Units and Rent Ranges	1 studio Unit; Rent Range varies (STR) 3 1-BR Units; Rent Range varies (STR) 1 2-BR unit; Developer Residence 1 Commercial unit; Rent not yet determined 5 Total Units
Median 1-BD Rent Affordable To	This will be an owner-occupied building with the remainder of the units registered and operated as short-term rentals.
Jobs and Payroll	Estimated Creation of 3 FTE positions Total Payroll for Construction FTE Positions: \$87,500 Estimated Construction FTE Positions: 15 Total Payroll for Construction FTE Positions: \$1.30MM
Location and Transit	Located in Downtown Transit Score: 81
Community Engagement	Not presently in developer's plan.
Plan Cincinnati Goals	Live Initiative Area Goal 3 (p. 169-171), Sustain Initiative Area Goal 2 (p.193-198)

Project Image and Site Map



Proposed Incentive

Incentive Terms	15-year, net 52%
Incentive Application Process	Commercial CRA – Downtown Streetcar Area
“But For”	Without Abatement: -2% rate of return (stabilized) With Abatement: 4% rate of return (stabilized) Note: Ordinance 275-2017 states that commercial improvements which obtain LEED status shall not be subject to financial analysis.
Environmental Building Certification	LEED SILVER
VTICA	Streetcar VTICA – 15%
SBE/MBE/WBE Goals	SBE Goal of 30%
Planning Commission Approval	N/A
Other Incentives & Approvals	N/A

Potential Taxes Forgone & Public Benefit

Taxes Forgone	Value
Annual Net Incentive to Developer	\$7,442
Total Term Incentive to Developer	\$111,625
City's Portion of Property Taxes Forgone (Term)	\$0
City's TIF District Revenue Forgone (Term)	\$156,704

Public Benefit		Value
CPS PILOT	Annual	\$4,723
	Total Term	\$70,839
VTICA	Annual	\$2,147
	Total Term	\$32,199
Income Tax Total Term (Maximum)		\$135,122
Total Public Benefit (CPS PILOT, VTICA, Income Tax)		\$238,160

Total Public Benefit ROI*	\$2.13
City's ROI**	\$7.89

* This figure represents the total dollars returned for public purposes (City/Schools/Other) over the benefit received.

**This figure represents the total dollars returned for City/ over the City's property taxes forgone. Note this figure does not include any short term rental taxes collected if the owner does indeed operate the units as short term rentals.

For Reference: 2023 Cincinnati MSA Area Median Income Limits

AMI	1	2	3	4	5	6	7	8
30%	\$21,250	\$24,300	\$27,350	\$30,350	\$32,800	\$35,250	\$37,650	\$40,100
50%	\$35,400	\$40,450	\$45,500	\$50,550	\$54,600	\$58,650	\$62,700	\$66,750
60%	\$42,480	\$48,540	\$54,600	\$60,760	\$65,520	\$70,380	\$75,240	\$80,100
80%	\$56,650	\$64,750	\$72,850	\$80,900	\$87,400	\$93,850	\$100,350	\$106,800